PRESIDENT'S STATEMENT.

President: Order, order. As I do not wish to encroach upon the time allotted for general discussion tomorrow and as there are some matters that have arisen since I addressed the Joint Session of the two Houses which I wish to place before the House, I take this opportunity to do so especially as I realise that the legislative work today is not very extensive and will be completed very soon.

The first subject which I wish to mention is with reference to a decision which has been taken very recently by Government and which was announced yesterday in another place. This Government, according to the usual procedure, have to give toll gate contracts and they have invited tenders for the purpose. The tenders are now under the consideration of Government. Government have, at the same time, been bestowing their very careful attention on the whole question of toll gate contracts and their utility. Many complaints have reached them that, especially in the matter of bullock carts and bandies, and in regard to other cases as well, there is a certain amount of delay and other circumstances such as victimisation which are inseparable from the present system of toll gate contracts. Giving the matter their most earnest consideration, this Government have come to the conclusion that toll gates and tolls should be abolished. They have arrived at that decision and are communicating it to this honourable House very early so that they may be apprised of the fact that beginning from 1121, i. e., in a few days from now, all tolls will be abolished. In order to compensate for the loss of revenue which is in the neighbourhood of Rs. 5,90,000 now and has been more or less varying between $5\frac{1}{2}$ and 6 lakhs, in recent years, Government will adopt the same procedure as is adopted in provinces like Bombay and Madras, namely of levying a kind of fee on motor vehicles and lorries and so forth. But Government have directed the authorities who are working out the details to levy the fee at a rate which will be roughly 75 per cent. of the Madras rates. It is my duty to take this House into confidence and to inform them that from the beginning of the next financial year, toll gates, and tolls will be abolished.

Another point which I wish to place before this House, is the question of Village Unions. This Government have been bestowing the most anxious consideration on the question of the Village Unions and are of the view that the revival of the village as an administrative and humanitarian unit is of paramount importance. Government have not been very successful in their efforts to introduce the co-operative spirit amongst the people at large. Certain steps are now being taken which, I trust, will produce better results than in the past. Whatever that be, Government

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are anxious to give the greatest possible fillip and stimulus to the working of all village institutions including the Village Unions. It has been found that there has been a certain amount of red tape and routine and other attendant difficulties in the present constitution under which the Village Unions are really under the control of and are supervised by the Revenue officials. The main task of these village bodies is that of public health, conservancy and sanitation. It has been considered advisable that the whole of this work may be conducted under the aegis of the Public Health Department so that the impact of officialdom may not arise to the same degree and so that there may be greater freedom and scope for local activities and spontaneous work. That is another matter which I thought it was my duty to bring to the notice of this honourable House.

I may also inform honourable members that the last salary revision that took place did not comprise certain categories; the University was one such and various employees of certain departments formed another category. Government have now gone into the whole question and I think, I may fairly claim now that practically every functionary who, in Government's opinion, is entitled to be treated to a salary revision, has been given a revision of salary.

These are the announcements which Government would like to make. Then there are two or three decisions made elsewhere which I should like to bring to the notice of this House as also the opinion of Government in regard to these decisions which is provisional. One such matter is a very important one, with regard to which I shall have to make an announcement shortly. Honourable members are aware that one day, the 18th August, has been set apart for the discussion of the Education Re-organisation Committee's Report. With a view to canalising discussion, and facilitating decisions it would be desirable if the discussions are framed on specific subjects made in the form of resolutions. If members send in such resolutions after consultation among themselves so as to reduce the number of resolutions, before tomorrow evening the Secretary will have them printed and circulated.

I may mention that, as the result of the discussion elsewhere, the following main principles were accepted. The matter will, of course, have to be discussed here at some length. I do not want to anticipate or prejudice any decisions which this honourable House may arrive at. But, at the same time, in view to the statements and pronouncements made elsewhere on behalf of Government, it is as well that, before the general discussion begins tomorrow, the honourable House should be aware of how the mind

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[President.]

of Government is moving, so that if members of the House consider that Government's attitude is wrong or prejudiced, they may have the fullest possible opportunity of putting forward their points of view.

The first point that arose for discussion was the question of religious and moral instruction. Various arguments on one side and the other were put forward and Government's present policy is that religious and moral instruction, useful and important and vital as it is, should, in the conditions of this country and having regard to the variety of religious beliefs, not be imparted during school hours. The alternative is that members of all religions should have the opportunity to study the religions to which they severally, belong; or, in the alternative again, that the various communities should make their own arrangements for religious instruction of persons belonging to that religion, and that within school hours such instruction should not be given. That is the present policy of Government. That was criticised and it was suggested that it ought to be open to certain aided institutions, which believe in the important and paramount character of religious instruction, to be able to give such instruction during school hours. Government expressed their opinion against such a departure from the present system and I may inform the honourable House that after considerable discussion, the Assembly came to the conclusion by a vote of 38 to 19 that religious instruction should not be included within the school hours. It is a matter for full discussion here. But the honourable members of this House should be made aware of the line that the Government have taken.

The next point that arose was with reference to Primary Education in general. The Education Reorganization Committee, as the honourable House may have realised, have suggested that 75 per cent of the salaries of teachers should be paid by Government even in regard to private and aided schools. The question first arose whether it is necesssary for the State to adopt the principle of compulsory Primary Education as part of their inescapable and paramount duty. A vote was taken on that subject and the Government expressed themselves as willing to undertake the burden of compulsory Primary Education for the whole State to be worked out on a 10 year programme. That was practically carried unanimously in the Assembly. In other words, Government are committed, subject to what this honourable House might say, to a policy of their taking up the whole of the compulsory Primary Education as their obligation and duty to be introduced within the State, within every part of the State so to say, on a 10 year programme.

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That matter having been dealt with, the next question arose with regard to the payment of 75 per cent advocated by the Education Reorganization Committee. The question was discussed at great length as to this matter and Government's opinion was expressed as follows. Government took the line that if they have to pay 75 per cent to the teachers, they might as well pay 100 per cent. The alternative scheme involves the following results. 75 per cent. has to be paid to managements and the choice of the teachers is not of Government's, and the payment to the teachers is through the managements and not directly by Government, such is the position. The question has arisen—I do not wish to distribute blame or praise – but it has arisen as to whether the whole of that amount will reach the hands of the teachers. Government had an opportunity to consult the opinion of Primary School teachers in this matter. Government came to the conclusion that the teachers would prefer to be paid by Government. In that connection, the question of their salaries, provident fund etc., and other alternatives had also to be considered. Everything taken into account, the Government came to the conclusion that if in any event they have to pay 75 per cent. of the salaries of the teachers, they should take the bull by the horns, that is to pay 100 per cent., and take over the Primary Education as their inescapable and fundamental obligation. That was also passed by an overwhelming majority in the other House and I think it was by 52 against 9. There were certain other discussions, but they were all on smaller matters. The three points, therefore, on which the Government have, subject to the opinion of this honourable House, expressed their views are these. First of all, religious and moral instruction should be imparted, and may well be imparted, not within school hours or as part of the school curriculum as such, in which members of all communities take a share, but outside school hours when each community is at liberty to make its own arrangements for the religious and moral instruction of that community in such manner as it may be advised. The second is, assumption of the obligation by the State of conducting compulsory Primary Education throughout the State. The third is that Government should therefore undertake the management of all Primary institutions in the State: These are the three decisions which were passed with regard to the Education Reorganization Committee Report.

The other House also discussed the question of the privileges of the Legislature and the Government have decided to appoint a committee on which this House will also be invited to send their representatives for the purpose of delimiting, defining and if neces-

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[President.]

The other decision that was taken and that decision also was taken after Government had expressed its opinion, relates to the land tax. As I find that there is some misconception about this matter even in the adjournment motion of which notice has been given by such an experienced and careful member of the Legislature as Mr. Narayana Kurup, I wish to make one or two points perfectly clear. Premising my remarks by the statement that the proposal made by Government has generally elicited the approval not only of various organisations and persons in this State but has generally elicited the universal approval in India and, I may add for the information of the honourable House, even beyond. I may state that the idea arises in this way. We have a very elaborate system of land tenures and we derive as a result of the present land revenue system a revenue which has varied from about 30 lakhs to about 45 lakhs. At this moment it is between 35 and 40 lakhs. Now, the settlement on which the basis of land revenue is founded, which is somewhat like the ryotwari system, is now overdue and it has been overdue in every part of the State for a long time. During the 30 years of the currency of that settlement, new factors came into being. South Travancore, on conditions which were apparently in existence at some period, was taxed in a manner and to an extent with reference to which complaints have been continually reaching Government, which complaints were investigated and found to be not baseless, as a result of which Government had to give special concessions to the Shencottah area and to the Nanjinad area. It was given fitfully and thereafter a general rule was enacted. On the other hand, in various parts of the State, new trees were planted, new plantations inaugurated, new methods of cultivation adopted as a result of which owners of lands got very large increases in income, but the taxation remained exactly what it was 30 years ago when these lands were either waste or bare. Now, how to deal with the whole question in a consolidated fashion was the problem that faced Government. If they were to start a Settlement, that settlement could not be conducted without a re-survey, not of the total area which is quite easily done but a re-survey of practically every holding. That re-survey is expected to take 3, 5, 7 or 8 years, the most optimistic estimate being 3 years and the pessimistic 8 to 10 years. If it were a re-survey, a Settlement Officer will have to be appointed and that officer will have to go round as the previous Settlement Officers did into each tenure, each holding the history of each holding and the incidence of taxes on each holding, and he will have, in the course of the Settlement operations, also to ascertain the yield and the *tharam* in respect of each land. It is estimated

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and 3 crores according to the old conditions and under present conditions probably 4 or 5 crores of rupees. As a result of an expenditure of 4 to 5 crores, it is anticipated that revenue in South Travancore will be lessened and the revenue in North Travancore will be increased, practically more or less to the same extent, and we shall arrive at the net result of 40 to 50 lakhs as the land revenue after spending, say 4 to 5 crores. It was considered that if there was an alternative method than the spending of about 5 crores and performing operations at the end of which we come more or less to the same position, such an alternative should be pursued. Government therefore came to the conclusion that the whole question will have to be re-opened and re examined. Government had the advantage of studying what had been done in other countries with regard to this matter and they came to the conclusion that perhaps the best plan was to adopt a two-fold method. The first method is a token basic tax which in the adjournment motion before the House is described as not dependent on the yield. But it is definitely such a nominal sum that no person in the State will find it an undue burden or hardship. In other words, instead of the present system which brings us about 45 lakhs or 35 lakhs according to one computation or the other, it would bring something like 15 lakhs. That is expected to be the maximum or nearly the maximum of the amount to be brought in by way of basic tax. That is to be brought in by an absolute uniform system of payment of so much per acre throughout the State. That is not as land revenue. It is as a token of the circumstance that the Sovereign or the State is, in ultimate legal theory, entitled to certain rights and privileges in regard to land and as a token of fealty to the Sovereign and in recognition of the Sovereign's intimate contact with the land holding and land tenure which is one of the essentials of the Indian revenue system. That basic tax therefore is literally a nominal tax brought in or introduced for the purpose indicated by me as absolutely uniform throughout the State. That having been done, then we came to the other difficulties in connection with land revenue, its assessment and its realisation. Every year, the Jamabandhi had to be conducted. The yield in various localities had to be ascertained, *chavi* had to be settled, remissions had to be given or adjudicated upon. The impact of the revenue official was apprehended in some quarters as very oppressive in the case of basic tax or incometax—but the impact is by no means absent in the present system and by the continuance of the present system it is much more alive or continuous than it would be under the new system. What Government therefore provisionally decided was this. As in the case of all income, a person is bound to pay to the State a portion of his net income in return for the benefits

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[President.]

that the income tax is the most equitable method of dealing with that phenomenon of assessing the liability of the citizen to the State.

If, however, on account of certain accidents of fire, flood, famine or pests, a person does not derive anything as income, he does not pay anything. But on the other hand, if he gets more income he pays more, and it was considered that that was an equitable system. Two corollaries must be borne in mind. Already in the case of the agricultural income-tax, it was found that a large percentage of people used to partition and divide their properties with a view to divide the incidence of agricultural income. That has been prevented by a notification and an Act has been passed. It is not intended that persons should be penalised for things for which they are not responsible. But for instance, if a person does not cultivate his land which should be cultivated, then Government are so strongly of the opinion that in the conditions of this State no arable land should be allowed to remain waste, that they will or they propose to tax the person even though he does not cultivate the land. It is a matter which is one for discussion.

The other point is this. There was an apprehension expressed in certain quarters that there would be victimisation. I cannot understand how that can arise. Nobody who gets less than say Rs. 2,000, from land will have to pay any agricultural income-tax. That means that the only burden of all persons getting a net income below Rs. 2,000 is the basic land-tax. Of course I do not deal with the case of persons who are practising a profession and have a shop or two, and conduct trade in chillies, or onions, let us say, or do something else. If they get income from other sources and when that is added to the total income it comes above Rs. 2,000, of course then they are liable to income tax on what is called a consolidated basis. But no peasant or farmer who gets less than Rs. 2,000 by way of net income would be liable to this income-tax. What does it mean? Lands are so minutely fragmented and subdivided and the whole income of an average land-holder is so small that there are not likely to be more than 500 or 1,000 persons in the State who will get more than Rs. 2,000 as net income. The suggestion is that these five hundred or one thousand persons who are very liable to take care of themselves are going to be victimised by the revenue officers. We know that these officers will not go anywhere near them. But there are hundreds of thousands of people who will not be subjected to any income-tax at all. Therefore, it seems to me—that the doctrine advocated presumably for the small minority cannot be maintained. It has been stated else-

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an annual revaluation. It is not like a trade or profession. A lawyer may make Rs. 2,000 in a particular year. The next year his income may be only Rs. 1,000. So the average income on which he has to pay income-tax will be big in one year while in the next year it may be very small. But in the case of land there are not such violent fluctuations. Once the yield from a piece of land has been fixed, generally speaking, that should be taken as the basis of taxation for three or five years and nobody will make a variation during that period. That is the root idea under the new taxation scheme. I may add that the principle of basic tax has been approved, I believe, practically unanimously, and the agricultural income-tax has been approved only with a difference of three or four votes elsewhere. The whole matter will arise for discussion here.

These are the main matters which I wish to place before this House. I thought it incumbent upon me to take the House into my confidence so that they may know what the policy of the Government is and what has been done elsewhere.

PANEL OF CHAIRMEN.

President: Order, order. Under sub-rule (1) of Rule 3 of the Travancore Legislative Rules, I nominate Mr. T.W.U. Park and Mr. G. Narayana Aiyar to form the Panel of Chairmen for this session of the Council.

ANNOUNCEMENT RE : ELECTIONS TO COMMITTEES.

President: The House will have to elect two members to the P. W. D. Advisory Committee, one member to the Standing Finance Committee, one member to the Public Accounts Committee and two members to the Committee of Privileges of the Legislature. The elections will be held on Saturday the 18th August 1945 after the business of the day is over, under the chairmanship of one of the panel of Chairmen. The ordinary system of voting by ballot will be adopted.

I have already told the honourable members of the House what I wish to say on the Education Re-organisation Committee's recommendations and the discussions thereon.

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